BY THE GRACE OF GOD THE ALMIGHTY

WE, PAHLEVI, The SHAHINSHAH OF IRAN,

by virtue of Article 27 of the Supplementary Act of the Constitutional Law, herewith ordain:

Article 1: The Second Seven Year Development Plan of the Country, approved by both Houses of the Senate and Consultative Assembly, annexed to this order, shall be enforced.

Article 2: The Government is assigned the Execution of this Law.

22 Esfand, 1334 (March 13, 1956)

Iran-2

SECOND SEVEN YEAR DEVELOPMENT PLAN

OF IRAN

ARTICLE 1.

With a view to increasing production, developing exports, preparing public necessities within the country, developing agriculture and industries, discovering and exploring mines and subterranean resources, improving and completing means of communication, improving public health, fulfilling any operations designed for the development of the country, raising the educational and living standard of the people and improving living conditions, the Government is duty bound, while executing programs already in process, (the remaining credit balance of which amounted to 17200 million rials on the 1st of Mehr 1334 - September 24, 1955) in accordance with the Plan Law of 26 Bahman 1327 (February 15,1948) and the legal ruling of the Plan Committee of the Majlis of 23 Bahman 1333 (February 12, 1955) to execute the

21639

operations, subject of Article 2, the total credit of which has been fixed at 52800 million rials, from the date of the approval of this Law until the end of Shahrivar 1341 (September 22, 1962). The aggregate of operations already in process and operations foreseen in this Law constitute the Second Seven Year Development Plan of Iran.

Note:

In the execution of programs, insofar as feasible, productive operations such as road building, completion of railways, ports, irrigation, agriculture, plant disease control, building of dams, construction of factories and facilitating means of exploiting mines, shall have priority before other non productive operations and shall be carried out simultaneously with each other.

Note 2:

The Government is required to draw up a statement of account of the operations of the first Seven Year Plan Organization from the time that it started up to Mehr 1, 1334 (September 24, 1955) within three months for submission to the Joint Plan Committee of both Houses.

ARTICLE 2.

For the execution of the second seven-year development plan in addition to the amounts specified below already approved and allocated for programs in process:

Agriculture and Irrigation	6,260	million rials
Communications	5,367	" "
Industries and Mines	2,759	" "
Public Utilities	2,814	" "
Total	17,200	million rials

funds have been allocated in each of the various economic and social fields, as follows:

Chapter 1 - Agriculture and Irrigation.

Part A - Programs the elements of which have been established:

	Million Rials
1 - Irrigation and dam construction surveys	228
2 - Agricultural and Irrigation Training	266
3 - Cultivation, and improvement of crops	553
4 - Animal Husbandry	976
5 - Plant pests	915
6 - Forests	1098
7 - Development of villages and barren lands	565
8 - Agricultural Extension	362
9 - Agricultural Machines	459
10 - Meteorology	94
11 - Rural Economy and Agricultural Engineering	124
12 - Silos	265
13 - Agricultural Industry	145
14 - Irrigation and Dam Construction	2408
15 - Loans for Qanats and deep wells	1000
Total	9,458

Part B - Credits Foreseen for Programs the Elements of/ which will be established later with particular reference to the establishment of a Chemical fertilizer plants. 2,500 million rials

Total of Chapter 1 11,958 " "

Chapter II - Communications.

Part A - Programs the Elements of Which Have Been Established:

	Million Rials
1 - Highways and Asphalted Roads	7,960
2 - Railways	4,125
3 - Airdromes	1,085
4 - Ports	2,392
5 - Communications	1,451
6 - Mapping	441
Total of Chapter II	17,454

Chapter III - Industries and Mines.

Part A - Programs the Elements of Which Have Been Established:

	Million Rials
1 - Textile Industry	558
2 - Sugar Industry	1,715
3 - Cement Industry	1,030
4 - Mines	240
5 - Copper Smelting	80
6 - Iron Smelting	2,000
7 - Refractory Materials	40
8 - Fisheries	36
9 - Laboratories	45
10 - Professional Training Centers	45
11 - Industrial Cities	75
12 - Industrial Credits	937
Total	6,801

Part B - Credits Foreseen for Programs the Elements of Which Will Be Established Later - 1,000 Million Rials
Total of Chapter III 7,801 " "

Chapter IV - Public Utilities.

Part A - Credits Foreseen for Programs the Elements of Which Have Been Established -

	Million Rials
1 - Public Health	5,824
2 - Education	2,070
3 - Electricity for Provinces	1,500
4 - Hydroelectric and Steam Turbines	978
5 - Utilities and Services in Provinces	4,390
6 - Statistics and Census	200
7 - Aid to Cooperatives and Producing Companies	400
8 - Aid to Social Insurance Organization for Workers	225
Total of Chapter IV	15,587
Total of the Four Chapters	52,800

Note:

In cases of electric power for cities, public utility and municipal operations such as the supplying of potable water, establishment of slaughter houses, mortuaries, enlarging of streets, asphalting of streets, laundry houses, bath houses and public toilets, flood dams, drying of marches: if operations are carried out through the municipality or through the participation of the municipality and the people, the Plan Organization will place at the disposal of the municipality gratuitously half of the expenses. If the operations are carried out by the people without participation of the municipality, the Plan Organization will give half of the expenses as a loan for a period of

not more than 8 years at a maximum interest rate of 6 per cent per annum. Expenses made before the execution of this Law by Municipalities which fall under the above mentioned development and municipal operations, but which are still incomplete, if executed in a proper manner, will be appraised by the Plan Organization for being included in the 50% share of the local municipality.

Municipalities can pay their share in installments to the account of the Plan Organization in such a manner as is required for the purchase of materials and equipment of for payment to contractors, provided that the Plan Organization is assured of the payment of installments. If the municipality should refrain from the payment of any installment of its obligations, the Plan Organization shall be entitled to refrain from carrying out the obligations entered into for the Municipality and recover all funds paid to the Municipality.

Municipalities which will avail themselves of the aid of the Plan Organization provided under this Law, are required to pay part of their revenue as determined by the Ministry of Interior and the Plan Organization this part being in any case not more than 20% of their yearly income, to the account of the Plan Organization, for ensuring their share of municipal operations. The Plan Organization will grant loans of 5 million rials maximum for a period of seven years without interest to any of the municipalities whose municipal revenue is less than one million rials per year, provided that this loan is exclusively spent for the supply of power and/or potable water. In all the above mentioned cases operations shall be carried out in accordance with the Plan and under the control of the Plan Organization. In the case of profit making operations, such as water and power etc., the sale price will be fixed with the consent of the Plan Organization in order to avoid oppressing consumers.

By city is meant the region which possesses a lawful municipality as certified by the Ministry of Interior.

ARTICLE 3.

Funds specified under A items of Article II shall be distributed over the seven years as follows:

Second Half of 1334	Year 1335	Year 1336	Year 1337	Year 1338	Year 1339	Year 1340	Year 1341	Total
			In Millions Rials					
Chapter I - Agriculture and Irrigation								
1. Irrigation and Dam Construction Surveys:								
-	28	33	41	34	57	35	-	228
2. Agricultural and Irrigation Training:								
-	43	64	54	51	34	17	3	266
3. Cultivation and Improvement of Crops:								
-	115	124	90	77	60	60	27	553
4. Animal Husbandry:								
-	66	157	175	173	173	164	68	976
5. Plant Pests:								
-	5	186	166	162	160	160	76	915
6. Forests:								
-	110	160	220	200	160	160	88	1,098
7. Development of Villages and Barren Lands:								
-	30	127	135	112	82	59	20	654
8. Agricultural Extension:								
-	-	50	70	70	70	70	32	362
9. Agricultural Machines:								
-	-	185	183	84	4	3	-	459
10. Meteorology:								
-	8	11	22	25	28	-	-	94

Second Half of 1334	Year 1335	Year 1336	Year 1337	Year 1338	Year 1339	Year 1340	Year 1341	Total
11. Rural Economy and Agricultural Engineering:								
-	-	24	25	25	25	25	-	124
12. Silos:								
-	80	105	80	-	-	-	-	265
13. Agricultural Industry:								
-	41	67	37	-	-	-	-	145
14. Irrigation and Dam Construction:								
-	434	600	541	393	305	135	-	2,408
15. Loan for Qanats and deep wells:								
-	100	250	250	200	100	100	-	1,000
Total:								
-	1,060	2,143	2,089	1,606	1,258	988	314	9,456
Chapter II - Communications								
1. Highways and Asphalted Roads:								
200	300	2,000	1,500	1,500	1,000	1,000	460	7,960
2. Railways:								
500	900	1,200	1,000	525	-	-	-	4,125
3. Airdromes:								
-	200	320	320	245	-	-	-	1,085
4. Ports:								
200	360	600	580	340	312	-	-	2,392
5. Communications:								
-	200	300	300	300	150	101	100	1,451

Second Half of 1334	Year 1335	Year 1336	Year 1337	Year 1338	Year 1339	Year 1340	Year 1341	Total
6. Mapping:								
-	14	60	60	70	70	100	67	441
Total:								
900	1,974	4,480	3,760	2,980	1,532	1,201	627	17,454
Chapter III- Industries and Mines								
1. Textile Industry:								
-	240	238	80	-	-	-	-	558
2. Sugar Industry:								
	180	370	540	440	185	-	-	1,715
3. Cement Industry:								
-	400	500	130	-	-	-	-	1,030
4. Mines:								
-	84	124	32	-	-	-	-	240
5. Copper Smelting:								
-	30	40	10	-	-	-	-	80
6. Iron Smelting:								
-	240	640	800	320	-	-	-	2,000
7. Refractory Materials:								
-	15	15	5	5	-	-	-	40
8. Fisheries:								
-	10	16	10	-	-	-	-	36
9. Laboratories:								
-	14	18	13	-	-	-	-	45
10. Professional Training Centers:								
-	15	15	15	-	-	-	-	45

Second Half of 1334	Year 1335	Year 1336	Year 1337	Year 1338	Year 1339	Year 1340	Year 1341	Total
11. Industrial Cities:								
-	25	25	25	-	-	-	-	75
12. Industrial Credits:								
-	300	400	237	-	-	-	-	937
Total:								
-	1,553	2,401	1,897	765	185	-	-	6,801
Chapter IV - Public Utilities and Services								
1. Public Health:								
-	750	1,013	1,053	948	873	822	365	5,824
2. Education:								
-	370	500	400	350	250	150	50	2,070
3. Electricity for Provinces:								
-	160	270	400	250	200	150	70	I,500
4. Hydroelectric and Steam Turbines:								
-	13	173	400	160	120	80	32	978
5. Utilities and Services in Provinces:								
-	470	1,010	900	800	660	400	150	4,390
6. Statistics and Census:								
-	-	100	100	-	-	-	-	200
7. Aid to Cooperatives and Producing Companies:								
-	80	100	80	60	50	30	-	400
8. Aid to Social Insurance Organization for Workers:								
-	70	90	50	15	-	-	-	225
Total:								
-	1,913	3,256	3,383	2,583	2,153	1,632	667	15,587

ARTICLE 4.

The Plan Organization is required:

1. To prepare detailed programs relating to the execution of operations subject of the items specified under Part A of Article 2 together with estimates on expenditures, within one year from the date of the passage of this law, and to propose them for the approval of the Joint Plan Committee of both Houses.

2. To determine with the approval of the Government and with due regard to circumstances prevailing then the kind of operations needed for the execution of programs in any of the lines specified under Part B of Article 2, and to propose then detailed programs, including cost estimates and yearly allocations, and the manner of their execution, for the approval of the Joint Plan Committee of Both Houses.

ARTICLE 5.

The Plan Organization is authorized:

1. To change the yearly allocations for each item up to 20 per cent of the allocation for that item if the same is considered necessary during the course of operations. Modifications over 20 per cent of the appropriations approved for each paragraph require the approval of the Joint Plan Committee of both Houses.

2. If appropriations allocated for each paragraph of any Chapter are not adequate or exceed the requirements, the Plan may increase or reduce the appropriation for that paragraph by ten per cent provided this action does not change the total amount of appropriation for that Chapter.

3. If appropriations for any one Chapter are not adequate or exceed the requirements, the Plan may increase or reduce the allocation of that Chapter by ten per cent with the approval of Joint Plan Committee of both Houses, provided this action does not alter the total appropriations for all the Chapters.

4. In case necessary conditions prevail and execution is feasible, the Plan may increase up to 20 per cent the total appropriation for each one of the Chapters with the approval of the Joint Plan Committee of both Houses, so that the grand total of the Plan appropriations is increased by the additional allocation.

ARTICLE 6.

Economies which may be made after the execution of some of the programs in the allocations foreseen may be utilized by the Plan Organization at its own discretion, for the Chapter concerned and for other Chapters with the approval of the Joint Plan Committee of both Houses.

Regarding operations requiring study: if after such studies are made, it is found that certain factors are unfavorable, the Plan Organization must report the case to the Joint Plan Committee of both Houses and allocate the credits assigned for those operations to other operations in the same Chapter.

If for reasons beyond the power of the Plan Organization, the utilization of the plan funds are not possible in accordance with the yearly allocations provided for, the Plan Organization must report the case at the end of the year to the Committee. In this case unexpended allotments of that year shall be transferred for the execution of the same operation to the following year or years upon the proposal of the Plan Organization and with the approval of the Joint Plan Committee of both Houses.

ARTICLE 7.

The Plan Organization shall endeavor to distribute development operations insofar as feasible among various provinces and sub-provinces (ostans and shahrestans) of the country with due regard for local circumstances and their normal potentialities.

ARTICLE 8.

Credit for development operations expenditures will be derived from the oil revenues. The total of funds collected by the Ministry of Finance as income tax in accordance with the Oil Agreement of 7 Aban 1333 (October 29, 1954) and the income received by the NIOC from trading companies as stated payment (12.5 per cent of the posted price) will be divided among the Ministry of Finance, the NIOC and the Plan Organization as follows:

For the years 1334, 1335 and 1336:

a) The NIOC will place at the disposal of the Ministry of Finance any surplus remaining from the stated payment after having covered the authorized expenditures foreseen in that Company's charter.

b) The Ministry of Finance will utilize the surplus in question plus 10 per cent of the total oil income (including income tax and stated payment) for covering the expenditures for the maintenance and management of available Government non-profit establishments such as roads, health and educational establishments and the like, as well as for establishments of that kind which will be created and turned over to the Government for management as result of the execution of programs.

c) The Balance of the total oil income (including income tax and stated payment) shall be paid to the Plan Organization for Plan operations.

in the ensuing years until the end of the term of the Plan:

a) 80 per cent of the total oil income (including income tax and stated payment) shall be paid to the Plan Organization.

b) From the remaining 20 per cent, after having covered the authorized expenditures foreseen in the NIOC charter, the surplus will be placed at the disposal of the Ministry of Finance for the expenditures for the maintenance and management of non-profit establishments.

Note 1:

The allocation of a part of the total oil income for the maintenance and management of the Government non-profit establishments depends upon confirmation by a Commission consisting of the Minister of Finance, one of the other Ministers appointed by the Government, and the Managing Director of the Plan Organization, that the utilization of a part of the oil income for that purpose is necessary.

This Commission after having examined the items of the general budget of the country and with due regard to measures taken by the Ministry of Finance for making up the shortage of funds needed for the maintenance and management of non-profit establishments and by taking into account any possible economies realized as well as the increase of the Government revenue as a result of the execution of the Plan operations, is duty bound to express its views as to the part of the oil income to be allocated for the expenditures for the maintenance and management of non-profit establishments.

Should the said Commission determine that the utilization of the oil income would not be necessary for the maintenance and management of non-profit establishments up to the established maximum, the difference between the amount determined by the Commission and that maximum amount shall be added to the Plan Organization's share.

If from the year 1337 (Persian year beginning March 21, 1958) onward the said Commission should confirm that the balance of total income of oil after deducting the share of the NIOC and the 80 per cent share of the Plan Organization is not adequate to cover the expenditures for the maintenance and management of the non-profit establishments, if can deduct up to a maximum of 5 per cent of the total oil income from the 80 per cent share of the Plan Organization to be allocated for that purpose.

ote 2:

In case that the total revenue from oil should exceed $ 144 Million in the year 1335 (March 1956-March 1957) and $ 188 Million in each one of the years 1336 and 1337 (March 1957-March 1959) the surplus shall be placed at the disposal of the Ministry of Finance, in addition to the share allocated in this law to the Ministry of Finance, in order to cover essential needs of the Government.

The Government is duty bound to adopt measures in order that from the year 1338 (1959) the general budget deficit of the country shall not exceed the amounts allocated from the oil income for expenditures for the maintenance and management of the non-profit establishments so that with the payment of these amounts the general budget of the country should balance and not show any deficit.

Note 3:

In order that the Plan operations may not be curtailed the Government is authorized to make up the shortage of the Organization's requirements during the years 1334, 1335 and 1336 up to an amount of $ 240 million by raising loans from domestic and foreign institutions. It is further authorized to make use of such credits as the need arises with the approval of the Joint Plan Committee of both Houses. The credits thus used shall be amortized from the revenues specified in Article 8 or from other revenues accruing to the Plan Organization.

ARTICLE 9.

The Plan Organization has corporate personality and fiscal independence. Its functions are:

1. To prepare working programs and submit them through the Government to the Joint Plan Committee of both Houses for approval.

2. To prepare maps, formulate projects and draw up cost estimates with due regard to the provisions of Article 10.

3. To turn over affairs to executive agencies according to the provisions of Article 10.

   The Plan Organization must pay particular attention to the question of facilitating the investment of private capital in productive enterprises and make also adequate efforts for safeguarding and strongthening small urban and rural handicraft industries.

4. To centralize funds allocated for the execution of programs and to pay executive expenditures thereof.

5. To supervise the executive operations of programs from technical and financial standpoints and see to it that coordination and collaboration exist between executive agencies.

6. To draw up a quarterly report of operations for submission to the Government and the Joint Plan Committee of both Houses, and to make it public knowledge.

7. To compile a full report of the yearly operations, as well as a statement of account of receipts and expenditures, explaining increases in production and national revenue which have resulted from the execution of programs (insofar as the determination of such figures is feasible) and obstacles which have existed in the way of the realization of the Plan; to submit this report to the Government and the Joint Plan Committee of both Houses not later than Khordad 31 (June 22) of the following year; and to publish it for public knowledge after

the statement of account of receipts and expenditures has been approved by the Government. The Control Board shall examine the account of receipts and expenditures and, if found without objection, shall submit the same to the Council of Ministers for arrroval.

Note:

The statement of account of receipt and expenditure of the Plan Organization shall be audited by the Government. The approval of the Government report by the Joint Plan Committee of both Houses shall be considered as a quit claim for the operational period. The Joint Plan Committee shall examine the report within 15 days at most and give its views.

ARTICLE 10.

The operations of the Plan are divided into four classes from the view-point of the method of execution:

A. Operations which fall within the current routine affairs of the Ministries and Government agencies such as Public Health, professional and technical training, plant pest control, animal husbandry and the like. With respect to such operations the following procedure will be observed:

1. The program of operations to be prepared with the cooperation of the Plan Organization and the Government agency interested.

2. The project and plan of execution will be prepared by the Government agencies with the cooperation and concurrence of the Plan Organization.

3. The execution of operation will be made by Government agencies under the control of the Plan Organization.

B. Operations for the execution of which there exist agencies within the Government organizations or public institutions but the projects and plan of execution scheme of which must be prepared by consulting engineers chosen by the Plan Organization such as construction of roads, railways, ports and the like. With respect to such operations the following procedure shall be observed:

1. The program of operations will be prepared with the cooperation of the Plan Organization and Government agencies or public institutions.

2. The project and plan of execution will be formulated by consulting engineers selected by the Plan Organization, by contacting interested Government agencies or public institutions and by obtaining their concurrence for the approval of the Plan Organization.

3. The selection of manufacturers and contractors shall be recommended by the consulting engineers and, after the recommendation has been approved by the Plan Organization, the contract for the execution of work shall be prepared with the concurrence of the Plan Organization to be signed by the interested Government agency or public institution.

4. The execution of operations will be controlled by consulting engineers as representative of the Plan Organization.

In the case that Government agencies are not equipped for the formulation of project and the operations plan concerned they will be charged with the concurrence of the Plan Organization with the formulation of project and plans for that part of operations for which they are equipped and will carry them out under the control of the Plan Organization.

If any difference arises in the above cases between the Plan Organization and the interested Government agencies, the settlement of the difference shall be settled by the Council of Ministers at its own discretion.

C. Operations for the execution of which there exists no machinery within the Government agencies and the formulation of their projects and executive schemes, as determined by the Plan Organization must be done by consulting engineers such as the construction of iron foundries, cement plants, chemical fertilizer plants, big dams and the like. With respect to such operations the following procedure must be followed:

1. The program of operations will be prepared by the Plan Organization.

2. Project and plan of execution will be prepared by consulting Engineers, selected by the Plan Organization for the approval of the Plan Organization.

3. Recommendations as to the selection of manufacturers and contractors will be made by consulting engineers. Contracts for the execution of operation will be concluded by the Plan Organization. The consulting engineers will control the execution of operations as representatives of the Plan Organization. For the management of this kind of establishments a proper agency or agencies will be created in accordance with the provisions of Article 19 and if such agencies have already been existing before the creation of the said establishments, they will contribute to the formulation of project and executive scheme according to the provisions of paragraph 2 of this Article.

D. Operations which as determined by the Plan Organization can be executed by individuals and private institutions.

In such cases the Plan Organization shall facilitate the encouragement and investment of private capital by formulating projects, giving directives, technical aid, participation, granting credit or procuring credit from internal and foreign sources (with or without guarantee of the Plan Organization).

For the exercise of the above-mentioned functions, the Plan Organization is authorized to establish a bank or an agency similar to it fully financed by the Plan Organization itself. The Plan Organization will have the statute of such a bank or agency approved by the Council of Ministers.

Note 1:

In the event that any difference arises between the execution organs and contractors and suppliers, whatever action undertaken for the settlement of the dispute or for its reference to competent courts must be taken with the consent and advice of the Plan Organization.

Note 2:

The payment of the Plan operation expenditures shall be effected in accordance with regulations to be proposed by the Managing Director of the Plan Organization and approved by the High Council and the Control Board.

ARTICLE 11.

The Plan Organization consists of the following organs:

a. Managing Director
b. High Council
c. Control Board

a. Managing Director:

The Managing Director shall be appointed for a period of three years upon the proposal of the Council of Ministers and by virtue of an Imperial decree. He may be reassigned to the same capacity after the expiration of that period. In the case of his death, resignation or incompetency, his successor shall be appointed in the same manner.

The Managing Director is paid for his services and is not entitled to hold any paid Government, social or private jobs. Also he has no right to have shares and be partner directly or indirectly in any institution or firm doing business with the Plan Organization.

The Managing Director presides over the departments subordinate to the Plan Organization and is vested with the following functions:

1. To prepare the administrative budget and set up the organization of the Plan Organization and its modification with the approval of the High Council; engagement, dismissal, appointment, promotion or demotion of employee shall be effected in accordance with the provisions of employment regulations.

2. To sign documents and negotiable instruments and correspondence and to conclude contracts.

3. To perform duties with which the Plan is charged such as the formulation of executive plans, concentration of the Plan funds and disbursement of expenditures connected with executive operations and assist private institutions.

4. To draw up by-laws and executive regulations; regulations on technical and fiscal controls over the execution of programs.

5. To compile quarterly reports on operations and full reports of the yearly operations with statement of account on receipts and expenditures in accordance with the provisions of Article 9.

6. To represent the Plan Organization before the Council of Ministers, Ministries and the Joint Plan Committee of both Houses and Courts (reserving the right of appointing a third person) and private persons and private institutions. On the whole the Managing Director is responsible for the good performance of the functions with which the Plan Organization is charged, hence he is responsible before the Council of Ministers. The Managing Director can confer upon any one of his Iranian assistants, advisers or heads of departments that part of his administrative, technical and fiscal powers which he deems necessary.

b. <u>The High Council:</u>

The High Council shall consist of 7 members who shall be appointed from among honest, experienced and expert persons for the full term of the Plan, upon the proposal of the Government and by virtue of an Imperial decree. In case of death, resignation or incompetency of any one of the members of the High Council, his successor shall be appointed in the same manner.

The members of the High Council are paid for their services and are not entitled to have shares or to be partners either directly or indirectly in any cooperation, institution or firm doing business with the Plan Organization, and also they have no right to hold any spid government, social or private jobs. They are not entitled to become members of the Board of Directors of any of the Government Companies unless assigned by the Plan Organization and as such without pay.

The meeting of the High Council will become formal when attended by at least five members and matters debated will become valid if voted by four members.

The High Council is entrusted with the approval of plans, projects, cost estimates and executive regulations of the programs within working programs approved by the Joint Plan Committee of both Houses. The Council is also charged with the approval of regulations by laws, and contracts and as a general rule with supervising the proper performance of all functions encumbent upon the Plan Organization.

c. Control Board:

The Control Board shall consist of 6 members of whom three shall be appointed for two years by the Senate from among a list of 9 individuals, and the other three, by the Majlis from among another list of 9 individuals proposed by the Government in the same manner as is provided for by law for the election of advisers to the Audit Court.

In the case of death, resignation or incompetency of any of the members of the Control Board, his successor shall be appointed in the same manner from a list of 3 persons proposed by the Government to both Houses.

The members of the Control Board are paid for their services and are not entitled to have shares or to be partners directly or indirectly in any corporation, institution or firm doing business with the Plan Organization and also they have no right to hold paid government or private jobs and are not entitled to become members of the Board of Directors of any of the Government companies unless assigned by the Plan Organization and as such without pay.

The meetings of the Control Board will become formal when attended by at least four members of the Board. With respect to matters debated the vote of the majority of the members present will be final.

The functions of the Control Board are:

1. To control the expenditures of the Plan Organization as to their compliance with the provisions of the law; porjects and cost estimates and rulings of the Joint Plan Committee of both Houses and the High Council and the regulations of the Plan Organization.

2. To express its views with respect to by-laws and regulations needing approval from the viewpoint of their compliance with laws and regulations. The Managing Director will bring to the attention of the Control Board any case that requires being commented on in order that the Board my express its views within one week and if necessary within a further extension of a week. Failure of the Board to give its views within that time constitutes a proof of its approval. In such a case the Managing Director of the Plan Organization is required to report the matter to the Joint Plan Committee of both Houses.

3. The Control Board has the right to keep direct contact with the Plan Management and the Joint Plan Committee of both Houses and is bound to investigate any complaint referred to it by the Government and report directly the result of its findings.

4. Whenever the Control Board finds out that a decision or [illegible] regulations and rulings, it informs [illegible] from the Managing Director of its findings. Should the Managing Director [illegible] decision on such a finding, it shall refer the case to the Government [illegible] Plan Committee of both Houses. The Board shall also report to the Managing Director cases of violations or irregularities [illegible] by proofs, in order that [illegible] of the case be ordained by the Managing Director.

ARTICLE 12.

The Government is responsible for the Plan Organization before both Houses of Parliament.

ARTICLE 13.

With a view to attaining the maximum speed in work and economy in expenditure and achieving the best result, the execution of programs shall be subject, from financial, accounting and transaction viewpoints, to special by-laws and regulations, which shall be put into force after obtaining consultative advice from the Board of Control and the concurrence of the High Council and the approval of the Council of Ministers and the Joint Plan Committee of both Houses.

ARTICLE 14.

Executive Agencies, Departments, Government Institutions and companies are required to fulfill the duties devolving on them in carrying out the programs in accordance with conditions and directives given by the Plan Organization.

In the case of failure to comply with the conditions set forth or delay and procrastination in the work, the Plan Organization shall report to the Council of Ministers, who upon receipt of such a report from the Plan Organization, is in duty bound to take necessary measures within 15 days and in such a manner as to remove the cause of objection and complaint.

Ministries and Government agencies are required to place at the disposal of the Plan Organization all records, vouchers and books relating to the execution of programs and afford facilities for the Plan Organization to make a careful examination of them in every respect.

ARTICLE 15.

Factories, machines, spare parts and accessories imported from abroad for the execution of programs are exempt from the payment of Customs duties and Road and Municipal taxes.

The Plan Organization is authorized to import from abroad the requirements needed for the execution of programs without due regard to the import quota list and the calssification of goods.

ARTICLE 16.

If it becomes necessary to appropriate lands (cultivated or barren), buildings and installations, in order to carry out development programs and meet public requirements, the following procedure shall be observed:

A. Any development operations to be carried out and any public requirements to be met (except in cases already determined by law or cases which will be determined by law) and the limits of lands to be appropriated as well as their price shall be determined by a commission consisting of the Attorney General, Minister of Interior, Director General of the Registration Department or their representatives on the basis of views expressed by technical experts. The decision reached by this commission shall be final.

Technical experts will consist of three persons of which one will be appointed by that commission the second person by the owner of the land, building and installations and the third person will be elected by joint judgment of the two former experts. In the case that the two first experts cannot come to terms as to the selection of the third expert the latter will be appointed by the vote of the attorney general.

B. The price of lands, buildings, installations, other belonging to the Government or to private owners, to be appropriated, shall be assessed as follows:

1. The basis for price assessment shall be the equitable price of similar lands, buildings and installations, situated in the area of operation, which prevailed in the year before the commencement of operations was announced and without taking into account the purpose of appropriation and the effect that development operations would have upon prices.

2. In the case of appropriating lands, buildings and installations, not belonging to the Government, an additional amount of 5% of the equitable price shall be paid to owners of such properties. If owners live on the spot, in addition to the 5% in question a further 10% shall be added to the equitable price, and if such properties constitute the source of subsistence of their owners, an additional 10% of the equitable price shall also be paid for this reason.

Note:

In the case of cultivated properties, in addition to the price of the property paid to its owners, 15% of the price shall be distributed per head as trans-immigration right, by the Local Council.

3. In the case the date of appropriation differs more than one year from the date when the intention to appropriate a property has been announced, 5% shall be added to the equitable price for each year, provided that the aggregate payment does not exceed the equitable price of the day. Intervals less than 6 full months shall not be taken into account and intervals of full 6 months or over shall be calculated as one year.

The date of appropriation, however, shall not exceed three years from the date that the purchase of the property has been announced.

C. To take possession of lands, buildings and installations before making full payment is not authorized unless agreed to by the seller. Regarding the properties of pious donations sale of which is not authorized, such properties shall be leased under long term contracts.

D. If the owner does not agree with the transfer and cession of the property, the Public Prosecutor of that locality shall sign, as owner's representative, the transfer deed of the property in view, after having deposited the full price of the property with the Cashier of the Registration Department. Thereafter he shall take measures to bring about definite evacuation of the property by its owner, within 3 months.

E. Regulations governing the execution of this article shall be proposed by the Council of Ministers and approved by the Joint Plan Committee of both Houses.

ARTICLE 17.

Unearned increment accruing to private properties as a result of development operations carried out in that operational area by the government directly or by the Plan Organization and/or municipalities, without exertion of any effort or activity on the part of their owners, shall be subject to the following regulations:

A. Unearned increment is the difference between the value of the property in the year prior to commencement of operations and the value immediately after termination of operations.

B. If the difference is 20% or less, the owner of property shall be exempt from the payment of dues relating to the unearned increment and for any excess thereof, half shall belong to the Government or the local municipality as established by the Government.

C. The unearned increment shall apply to lands, cultivated or barren, grasslands and forests. Buildings and cultivated lands (cultivated up to the date of the approval of this Law for as long as they are cultivated and gardens for as long as their owners benefit from their products) are exempt from the payment of the unearned increment. If cultivated lands and gardens shall make use of more water through the operations of the Plan Organization on they shall pay appropriate water charges.

D. In order to determine the radius of the area subject to payment of dues relating to unearned increment and to establish such increment, a commission shall be formed consisting of the Public Prosecutor of the locality concerned, the Director of the Registration Office, the Director of Agriculture, and one representative of the owner or owners whose property becomes subject to unearned increment and in the case that owner or owners fail to appoint such a representative, a locally trusted resident and the representative of the agency having carried out development operations. Decisions reached by this Commission shall be final.

E. The owner can pay the dues relating to the unearned increment within a period of 5 years at equal yearly instalments or cede some of his lands equivalent in value to the increased increment. If the owner refuses to pay all or part of instalments or cede lands, the Public Prosecutor of the country, acting on the Commission's findings, shall sign the deed transferring to the Government or the Municipality any amount of land equivalent to the charges due the Government or the Municipality on account of unearned increament.

F. The performance of operations of public utilities such as pipelines for water supply, electricity, educational affairs, health and the like shall constitute no ground for claims of unearned increment (charges) from properties situated in the operational area. The establishment of industrial power installations will constitute ground for claim of payment of unearned increment.

G. Public donations are exempt from the payment of unearned increment but inalienable donations to descendents shall be subject to the payment of charges for unearned increment in instalments of not less than 5 and more than 7 years.

H. Regulations governing the method of the execution of this Article shall be proposed by the Council of Ministers and the Approval of the Joint Plan Committee of both Houses.

ARTICLE 18.

Establishments created as a result of the execution of development programs shall immediately, after coming into existence, be turned over to Government agencies charged with their exploitation or management except those which require a test period for exploitation. The agencies in question shall proceed with the taking delivery of the said establishments as soon as they are notified by the Plan Organization to this effect.

Note:

On the whole establishments created from the Plan appropriations shall be turned over to the Government agencies in such a state as to be ready in every respect for exploitation and management so that the managing agency shall not have to incur any expenses for procuring materials and equipment when commencing operations.

ARTICLE 19.

For the management of profit-making and productive establishments belonging to the Government or which may come into existence as result of the execution of development operations suitable agencies will be set up upon the proposal of the Plan Organization and the approval of the Council of Ministers to be administered on commercial accounting principles.

Upon the proposal of the Plan Organization, the Government is authorized to sell to private individuals or Iranian companies under conditions preventing oppression to consumers, all or part of the shares of profit-making and productive establishments, already available,

or similar establishments which may come into existence in future as result of the execution of development programs, and which are either complete or in process of creation. Funds accrued from the sale of the said establishments shall be paid to the Plan Organization for the execution of development operations.

Note:

The Plan Organization is required to submit to the Joint Plan Committee of both Houses for information a statement of the yearly expenditures of its subordinate profit-making and productive institutions and companies after examination by the Control Board.

ARTICLE 20.

The administrative budget of the Plan Organization including the number of the Plan employees, the maximum salaries of positions, and the total amount of the budget shall be drawn up with the concurrence of the Council of Ministers and the approval of the Joint Plan Committee of both Houses. The employment affairs of the Plan Organization are subject to special regulations which will be drawn up with the concurrence of the Council of Ministers and shall be approved by the Joint Plan Committee of both Houses.

The Plan Organization is authorized to employ foreign experts for a period not exceeding one year after the expiration of the term of the execution of the Plan. The engagement of such experts shall be with the approval of the Council of Ministers and the Joint Plan Committee of both Houses and within the number and list of positions having had prior approval of the Joint Plan Committee of both Houses.

ARTICLE 21.

The Plan Organization shall audit and liquidate the account of liabilities and assets of the former operational term. If there should be a credit balance the same shall be utilized for the execution of the Plan and if a debit balance, the same shall covered from savings in the execution of programs and from the oil revenue.